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OUR WOOL DUTIES

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WHAT should be the duty on wool imported to this country? At present the wool suitable for making cloth pays eleven cents and twelve cents a pound according to its "class," while coarser wool for carpet-making pays four cents or seven cents according as its price is above or below twelve cents in the country whence it comes. For these various specific rates the Democrats substituted in their bill last summer a single rate of twenty per cent. *ad valorem*. But some prominent men in the party are said to believe that wool should be put on the free list as it was in the Cleveland administration. It is whispered also that many cloth manufacturers favor such action; and it is certain that many Congressmen of both parties hold the same opinion. There are other manufacturers and Congressmen, on the other hand, who regard the wool duties as the "Keystone in the arch of protection." To repeal these duties they believe would bring the structure toppling about our heads. Moreover the producers of wool, those who are supposed to benefit by the duties, have come to regard the protection they enjoy as a "right" that they may "demand" from Congress. They regard the present duties as even too low for their needs; and they speak loudly and bitterly of being robbed of their "just deserts" by evasions that the wording of the present law enables importers to practise.

The questions of right and expediency in the case of the wool duties involve a study of the wool-growing industry and the interests connected with it. It is a truism that every considerable tax has far-reaching social and economic effects beyond the mere providing of a revenue. If this were not so, why should the Federal Government tax whiskey and tobacco instead of corn and potatoes? Or why levy a duty

on sugar and none on coffee? Or why, again, did the Democrats last year put sewing-machines on the free list, while leaving a duty of twenty-five per cent. on shoe machinery? By reason of these social and industrial effects so long as it is necessary to raise a revenue of some hundreds of millions of dollars through our customs houses, it behooves Congress to use great care in distributing this vast sum among our industries in such a way as to rest as lightly and as equably as possible upon our citizens.

Now there are several different systems of sheep husbandry in this country. The most conspicuous, and the most intimately concerned with the wool duties, is that which prevails in the Rocky Mountain States and parts of California and Texas. Perhaps the most striking characteristic of the system is the large number of sheep in a single ownership. The possessor of five thousand head is reckoned a small man in the business, while some individuals and corporations own seventy-five thousand or more. This means, of course, a distinct industry, resting on a commercial basis, requiring the investment of much capital, and employing professional and highly specialized labor.

Another characteristic of the system is that few if any sheep men own more than a small part of the enormous acreage necessary to maintain their flocks. If it became necessary to purchase the land needed for pasturage, the industry must perish. Its continuance is dependent on the existence of grazing lands, the use of which can be had for nothing or for a very small price. It is true that some sheep men have acquired large tracts of land. Sometimes this has been done to secure water rights, and sometimes to protect the pasturage, by the purchase of land at strategic points, against the advance of settlers. But very often they have bought it, not so much with a view to using it in their business, as with a view to its rise in value; and they pasture it merely while waiting for an opportunity to dispose of it otherwise to advantage. Their uncertain tenancy of land is a source of weakness, and during the past decade the advent of home-seekers in many regions has been playing havoc with the sheep business. The inclosure of farms works a hardship on the flock-owner by withdrawing the best of his pasturage and by requiring him to move his sheep long distances from one open space to another. Year by year the sheep are being driven back by new settlers to the

semi-arid and mountainous districts where tillage as yet is unprofitable.

Another characteristic of the husbandry in this part of the country is the prevalence of the Merino type of sheep. It stands the rigors of climate better than other breeds; its denser, shorter fleece suffers less in a wild, rough country; it is less exacting in the quality and quantity of its food; and habits of feeding and roaming in fairly compact masses with few stragglers render it easier than other breeds to herd and to guard in uninclosed territory. Of all animals useful to man the Merino sheep is best adapted to the waste places of the temperate zones. But except under unusual circumstances it is only to the waste places that it is adapted. For on land fertile enough to produce an average agricultural crop and situated so that this crop can be marketed to advantage, tillage is more profitable than pasturing Merinos. The mutton from this variety of sheep is small in quantity and so inferior in quality, when uncrossed with other breeds or otherwise improved, as to make it a poor contributor to the meat supply. Except, therefore, where they are maintained for breeding purposes, the principal product sought from Merinos is their fleece. They yield a wool that for fineness of fiber and other qualities surpasses that of all other breeds. There is, however, a limited demand for such fabrics as require this particular wool, and this fact, of course, limits the price that can be got for it. For this reason sheep husbandry to be profitable on land of much value must yield mutton as well as wool.

Herein lies the explanation of a practice that has been very marked in the Northwestern States for some years—the practice, that is, of crossing the Merino with one of the English breeds. Such a cross produces very good mutton as well as a quality of wool that is in wide demand for many fabrics, although it is somewhat coarser than that of the pure-bred Merino. The growth of this practice in the Northwest has come partly, no doubt, from an intelligent calculation of their interests by the sheep men; and partly it is the result of altered conditions that have ended the profits of a pure-wool industry. Grazing rents have been constantly getting higher in that region; agriculture has made great encroachments, and the wide free ranges have been gradually broken up; on the national forest reserves pasturage ten years ago was free, whereas the Government now exacts

a payment of ten to fourteen cents a head for sheep. Winter feeding, furthermore,—which was rare in former years,—because of the scarcity of winter pasture is now the rule, and the necessary hay and grain costs several times as much as summer forage. At the same time also by reason of changed conditions other costs, as well as those for food, have risen, and these increased costs commonly so far outweigh the value of the wool clip that cross-breeding for mutton has become very common.

In the Southwest cross-breeding is much less prevalent than it is to the north. This is probably due in the main to the fact that range conditions there are not favorable to the mutton type of sheep. The ranges are not so open as in the North, water is scarcer, and the sheep must be handled in comparatively small bands. Furthermore, hay and grain, which are fed in large quantities to mutton sheep, are obtained with difficulty and at a much higher cost than in the North. Yet even in this region, paradoxical as it may seem, the owner of a Merino flock makes more by selling sheep and lambs than he does by selling wool. This is due to a heavy demand for his sheep for breeding purposes. In the States of the corn belt the Merinos seem to resist the prevalent intestinal diseases better than the English breeds, and the farmers there buy them to raise cross-bred lambs for the market. From the Northwest likewise the flock-owner is now looking in large measure to the Southwest to recruit his stock of breeding ewes. For even though he aims rather at good mutton than at fine wool, yet so long as the open-range methods of husbandry endure, he must keep the Merino strain predominant in his flocks. It is evident therefore that while the southwestern sheep man does not directly produce much mutton, yet he furnishes a stock on which at present mutton-growers of other regions depend, and in this way he receives a share of the profits from the production of meat.

In the Rocky Mountain region taken as a whole the average annual expense of the flock-owner is about \$2.11 per head of sheep. In 1910 his receipts averaged \$2.56 a head, and of this sum wool yielded him only \$1.17, or considerably less than one-half. This indicates that in that region mutton is now the chief product of sheep husbandry, and that wool has been reduced to the position of a very valuable by-product.

It is not likely that wool-growing can ever regain its former relative importance in the West. At present practically every acre of grazing land is in use, and indeed is somewhat overstocked. Further territorial expansion therefore is out of the question. On the contrary, the advance of settlement and extension of agriculture is rapidly reducing the available area. At the same time increasing costs of pasturage have been accompanied by rising prices of hay and grain. The flock-owner's outlay also on provisions and equipment for his workmen is much greater than formerly, since the demand for labor in agriculture and other industries has enabled his employees to demand greatly improved treatment, and the practice of dividing the sheep into smaller bands, due to the breaking up of the ranges, has multiplied the number of necessary outfits. The total expenditures on labor are not far from double what they were ten or fifteen years ago. The rate of wages has gone up thirty to fifty per cent., and the more difficult range conditions have forced the employment of a larger number of men. Furthermore, extra costs have arisen that were formerly unnecessary. Thus, for example, it often happens that the flock-owner must now move his sheep twice a year by rail between winter and summer pastures, instead of trailing them slowly through an uninhabited country where they grazed unmolested during the journey. Others, again, have been so cut off from access to water, that they can save their sheep only by digging expensive wells; and yet others have found it necessary to build and maintain costly bridges across streams or cañons in order to pass from one grazing area to another.

The most serious difficulties of sheep husbandry as it has been conducted in the West can never be less than they are now, because they arise from the progress of settlement and the reduction of the wilderness to homesteads. So long as our land policy favors agriculture rather than pastoral pursuits, these difficulties will increase. It is very significant of the unpromising condition of the industry that the development of the country has not brought to the flock-owners one benefit that commonly attends it, that is, low rates for the use of capital. While the sheep man in Australia or South Africa can borrow money for five per cent., or in South America for six per cent., in our Western States he must pay interest at the rate of eight or ten per cent. This

seems to be due to the precarious, even hazardous, nature of the western sheep business. Men will not invest in the permanent improvements necessary to give stability to the industry, while their tenancy of the land necessary for their flocks is so uncertain. In Australia, by way of contrast, the situation is quite different. There the government allows the sheep man to take up in a single tract for a long term and at a low rent the land he needs. He surrounds this with a well-built wire fence, and he erects on it such other improvements as will reduce to a minimum his need for labor and his risk from contagious diseases, predatory animals, poisonous plants, and climatic conditions. In the West this is and will remain impossible. Thus the average investment for both equipment and improvements in Australia is two dollars per head of sheep, while in the West it is only ninety cents.

From what has been said, no other conclusion can be reached than that wool-growing in the West has seen its best days. This does not mean that sheep husbandry may not continue to thrive. But if it does thrive, it will be through the production of mutton rather than of wool. And indeed, few realize the rate at which the mutton business has already grown. The time has been when it was not a popular kind of meat in this country; but it is now widely used, partly because it has improved in quality, and partly because the production of beef and pork has not kept pace with the growth of population. Thirty years ago the Chicago stock-yards received 336,000 sheep, more than four times as many cattle, and twenty-one times as many hogs. In 1910 they received more than five and a quarter million sheep, little more than three million cattle, and about five and a half million hogs. The change in less than a generation has been well-nigh phenomenal. In view of this there can be little doubt that the transition of emphasis from wool to mutton, already noted as occurring in the Northwest, will continue and that the sheep-owner will devote more attention to a foodstuff that is in growing demand and less to a clothing material for which conditions are becoming yearly more unfit.

The systems of sheep husbandry in other parts of the United States need little comment, for with one exception they are conducted primarily for meat and wool is only an incidental product. The exception is found in the hill coun-

ties of Ohio, the adjacent parts of West Virginia and Pennsylvania, and the southern counties of Michigan. The whole section is commonly known in the wool business as the Ohio region. Sheep-raising there has an interesting history, and in former years strongly influenced our tariff policy; but in the present generation, as compared with the industry in the Rocky Mountain States, it is of small importance. There are in this country all together approximately 51,000,000 sheep. Of these fully three-fifths are in the West, and less than a tenth in the so-called Ohio region.

In comparison with those in the West the Ohio flocks are small. They vary between fifteen or twenty head and some eighteen hundred, with an average size of a little more than fifty. As this would indicate, wool-growing is carried on merely as an incident of general agriculture. The predominant strain is the Merino, but on many farms a Merino greatly improved by skilful breeding, of larger size and better mutton qualities than the original type. The breed has probably reached its greatest perfection in this region, and the Fine Delaine, as the long-fibered Ohio Merino wool is called, is in strength and certain other qualities the best wool in the world. But it is also produced at the highest cost in the world, and here as elsewhere in America wool falls far short of paying the expenses of the industry. It is, therefore, only the improved variety of Merino that yields any profit, the smaller kind does not pay the costs of maintenance. In strong contrast are the returns from cross-bred flocks in the same region, notably in southern Michigan. For such flocks the average annual expense is \$2.78 a head, the average receipts in 1910 were \$1.46 a head for wool and no less than \$2.92 for mutton and lambs, or all together \$4.38—an excess of receipts over expenses of \$1.60. For Merino flocks, taking the improved and the unimproved together, the average annual expense is \$2.44 a head and the receipts are \$1.88 from wool and \$1.07 from sheep and lambs, together \$2.95, which shows an excess over expenses of only \$.51.

In view of these figures it seems amazing that Ohio sheep-raisers have not devoted themselves universally to breeding for mutton. Their failure to do so becomes more curious when it is found that fully thirty per cent. of the Ohio Merinos are kept at an actual loss, and that those yielding a profit are mainly of the improved strain, having fair mut-

ton qualities and commanding a ready sale for breeding purposes. Under these circumstances valid reasons for the wide adherence to Merinos are not apparent. One explanation that has been suggested is that much of the land in the hill counties can be used to advantage only as pasture for some kind of sheep, that sheep pastures in the East are liable to become infected with a certain intestinal parasite, and that there is a general impression that Merinos show a greater resistance to this parasite than do other breeds. Against this it may be said that there is no reason why cross-breeds in Ohio should be less hardy and healthy than they are in Michigan or in some of the Mississippi Valley States where they are handled with great profit. A more plausible explanation is found in the unwillingness of the farmers to change systems and methods that they have grown accustomed to. The Ohio sheep man knows the Merino, its habits, qualities, requirements, and possibilities. He can get out of it the very best that it is capable of producing. Many of the flocks have been handed down from father to son for several generations. The owners take a keen personal interest in their well-being and feel great pride in maintaining their purity. To many farmers the cross-breeding of their thoroughbreds would seem a sort of miscegenation, a desecration of a farm ideal that they would maintain even at some pecuniary loss. Furthermore, it should be remembered that most farmers keep no accurate accounts and many of their losses are concealed from them. The farmer in the Ohio region gets annually an average of nearly three dollars a head from his Merinos. This appears to him as a profit, when he does not charge against them his own labor nor the pasturage, hay, and grain provided from his own land nor a number of other items that according to his system are merely incidental to general farming. He does know, indeed, that for some reason at present "times are hard," but he prefers to attribute this to "Democratic tinkering with the tariff" rather than to the unprofitableness of his beloved and much-admired Merinos. These Ohio farmers are the Old Guard of the wool-growers. They are waging a loyal, romantic, and desperate battle, but for them as for their prototype it is Waterloo.

It appears from this sketch that in spite of high protective duties, which have endured with a single brief interruption

for generations, wool-growing in the United States has become a waning industry. The Census Reports give evidence to the same effect. They show that the total number of sheep, excluding lambs, during the last thirty years has decreased in every decade. There has been some increase in the western division of the country, but that increase in the last decade was less than three per cent., and it was more than counterbalanced by losses in the other sections. The amount of the total annual wool clip can only be estimated, and since it depends on weather conditions and other changing contingencies, it fluctuates from year to year. It may be said, however, that from the best estimates that can be made—and these estimates are accepted in business and are used in the Government reports—the average annual production in the five years ending in 1910 was about three hundred and eleven and a half million pounds. This is nearly four million pounds less than the average annual production in the five years that ended a quarter of a century earlier.

In this generation the output of wool has had many ups and downs. It reached its apogee in 1893; and immediately afterward there began a sharp decline from which there has never been a complete recovery. Naturally the wool-growers attribute the decline to the free-wool provision of the Wilson Bill. And undoubtedly they are in large measure right, for so many flock-owners were panic-stricken at the prospect of free wool that millions of sheep were hurried to the stock-yards, slaughtered at home, or allowed to perish for lack of care, and for several years few of those that kept their sheep found any profit in them. But it should not be forgotten that a similar decline both in number and in profits occurred in the case of hogs and cattle which were in no way affected by the tariff. The truth is that many forces contributed to cause the memorable business depression of the middle 'nineties. These bore as heavily upon sheep husbandry as upon other industries, and just how much of its decline was due to them and how much to the Wilson Bill, no human being will ever know.

After a very brief period the duties were restored, but in half a generation they have failed to restore the industry. Not only is the production of wool absolutely smaller than it once was, but it has fallen constantly still further behind the growing needs of the manufacturers. At present these

are importing from abroad about two-fifths of the wool they use; and unless some overwhelming disaster comes upon their industry, under no conceivable circumstances will the domestic supply of wool ever equal the demand.

Here the question naturally arises, Why have the duties accomplished so little for sheep husbandry? The answer is threefold. In the first place, wool-growing, as has been pointed out, has encountered increasing economic obstacles that have countervailed the effect of the duties. In the second place, American wool contains much more grease, dirt, and other impurities than that which is imported from competing countries, so that the net protection has been less than it appeared to be. In the third place, the tariff in raising the price of wool raises the price of what has become the minor product of an industry that depends more largely for its success on another thing. These three propositions also hold good with regard to the probable future effect of the duties, if they should be retained. The economic obstacles to wool-growing in this country are never likely to diminish. Our flock-owners in perfecting the development of their industry are never likely to approach nearer to the Australians who operate under far more favorable conditions, while a higher net protection than they now enjoy the present state of the public mind gives them no reason to hope for. Nor will the inadequacy of tariff-enhanced wool prices as an aid to sheep-raising ever grow less. The more the flock-owner devotes himself to making meat, the less important relatively his wool crop will become; for his lambs when not needed for breeding are apt to be sold unshorn and to be slaughtered before their wool has reached its full development. When the industry is in a stage where meat is its chief product, raising it by wool duties is applying the lever on the wrong side of the fulcrum. For the Government to aid the industry by a duty on wool would in principle be the same as for it to encourage the hog industry by a bounty on pig-tails. Of course wool will always be an incomparably more important by-product than pig-tails, but the principle is the same in both cases, and a bounty on tails, like a duty on wool, would undoubtedly if made high enough stimulate growth. But such stimulation is awkward and effected at a disproportionate waste of energy. The flocks might be more directly enlarged by the renewal of an ancient New England law that wholly forbade

the sale or slaughter of sheep, "that wee may in tyme have sufficiency of woollen cloath among ourselves."

It appears then that to the average American sheep-raiser the wool duties are only an incidental aid; to the genuine wool-grower they are of real assistance, but they are inadequate to prevent the gradual merging of his industry in that of the mutton producer. To neither, therefore, do they bring a benefit that economically justifies their retention.

From the standpoint of the manufacturer these duties are undeniably an evil. They raise the price of his raw material, increase the amount of capital necessary in his business, enhance his costs of production, and make it impossible for him to compete for trade in neutral markets. More than this, they completely bar him from the use of important varieties of wool that are available abroad. South Africa, for example, exports about 125,000,000 pounds of wool, as fine, and for many purposes as useful as any that is grown, but the amount we take of it is negligible. The explanation of this is found in the fact that the duties are specific payments on a pound of wool "in the grease"—that is, in its natural condition as it leaves the sheep's back. But in each class of grease wool there are many varieties which differ not only in length, strength, luster, and fineness, but also in the quantity of oil and other impurities they contain, so that some varieties when scoured yield much less clean fiber than do others. These variations appear not only in sheep of different breeds or from different regions, they are also found in different parts of the same fleece. Thus wool from the neck, legs, breech, or belly shows a different shrinkage in scouring from that of wool on the rest of the body. Naturally the American buyer abroad can now take only wool of a good yield. The heavy shrinking wool is often excellent for his purposes, but when the duty is estimated on its clean content he finds that he cannot afford to import it. Between the two great branches of the manufacture, worsted cloth-making and woollen cloth-making, there has raged for some years a violent and bitter dispute regarding the injustice of excluding the heavy shrinking and low-priced wools. Disregarding here its merits, it may be noted that the controversy has brought out convincing evidence of the unscientific nature of the duties.

In view of the effect of the duties on their business it might be expected that the manufacturers would persistently and strongly urge their repeal. On the contrary, though they object to the form of the duties and the method of assessment, none openly oppose the rates, and most of them advocate their retention. Several considerations lead them to this attitude. Nearly all of them are sincere and earnest believers in the principle of tariff protection. It is well-nigh as sacred to them as the principles of the United States Constitution, and it would be unjust to the great majority of them to impute to self-interest a faith that is the result of conviction. By reason of this faith they are required to extend to other industries the protection that they themselves enjoy. Many also believe that though the wool industry will never meet their full demand, yet protection to it will insure at least a partial supply of the raw material necessary to keep the shops going in the event of an interruption to our foreign trade. But men's motives are seldom unmixed, and without doubt the manufacturers are not wholly untouched by some of a lower order. They realize that to preserve tariff protection for their industry, which has lived under a perpetual menace, they need all the political aid that they can get. And if the wool-growers should lose their own protection, while they might still profess the faith, they might not hear the call to battle for it. Therefore the manufacturers have cultivated good relations with the sheep men, and in every political campaign for half a century the two groups have been found fighting shoulder to shoulder.

There remains to be stated another motive for the manufacturer's toleration of the wool duties—one so little commendable that it has brought all their other motives under suspicion. This motive is to profit by a series of duties on their own products which, while nominally compensatory, do more than compensate. A duty merely sufficient to protect them against foreign competition would be of no avail, if at the same time the price of their raw material were enhanced by the tariff beyond that paid abroad. Therefore all imported manufactures of wool pay two duties; one aims to protect, the other to counterbalance the wool duty. Thus the ordinary cloth in a man's suit pays a protective duty of fifty-five per cent. *ad valorem* and an additional specific duty of forty-four cents a pound. The amount of the specific duty

is based on the presumption that it takes four pounds of wool to make one pound of cloth. In fact, however, this is true of exceedingly few fabrics, and for most of them, even if made wholly of wool, the estimate is excessive. It is well known also that the greater part of the woollen fabrics that enter commerce are not "all wool." The amount of other material they contain varies from a very small percentage in a cloth where some vegetable fiber is used merely to give it a color pattern up to nearly the whole weight in a cloth where some wool is used merely to give it a name. Since, then, the same rates of duty apply to manufactures either in whole or in part of wool, the greater the admixture of cheaper materials, the greater the additional protection given by the specific duties, which in theory are only compensatory. Because of these specific duties the total payments at our customs houses last year on the better class of imported cloths amounted to about ninety-four per cent. of their value in Europe; on the cheaper kinds that were imported the payments rose to about a hundred and fifty per cent. of their value. Many varieties were altogether excluded. The cumulative rates on knit goods, blankets, women's and children's dress goods, and other fabrics are relatively as high. Such rates are practically prohibitory except for certain fabrics of very high finish and for specialties imported for the use of that well-known class of Americans who must have goods of foreign make regardless of price.

Manufacturers freely admit the inequality of our present specific duties, and would willingly see them amended, if they could be fairly adjusted on different sorts of goods. But this could be only partially and roughly accomplished. A duty sufficient to compensate the maker of a costly, lightweight, highly finished fabric is excessive when applied to goods made chiefly of cotton and shoddy, whereas a duty merely sufficient on these latter goods would do him great injustice. One slight concession to justice is made in our present tariff: if cloths are worth less than forty cents a pound, the compensatory duty on them is only thirty-three cents. But it is inconceivable that an appreciable amount of good wool goes into cloths of such low value, so that this rate is probably more excessive than is forty-four cents on goods of high grade.

Many of the present abuses would be removed by making

the specific duties payable only on the actual wool content of the goods. The ascertainment of the wool content, however, would involve some difficulty, cost, and delay in all cases; and there is one case, at least, in which it would be impossible. This is the case of a fabric composed partly of fresh wool and partly of shoddy. Shoddy is the wool fiber obtained by cleaning and grinding woollen rags, a process that has become an important industry in this country and in Europe. Some grades of it are almost as useful as wool, and give more warmth and durability to cloth than most vegetable fibers. Other grades have lost most of the characteristics that make wool desirable, and are used mainly as an adulterant. No practical test, either physical or chemical, has yet been devised, except the actual wear that a fabric will stand, to detect the degree to which shoddy enters into its composition.

Enough has been said to show that accurate compensatory duties can never be assessed. Only an approximate fairness will be possible. If in seeking this approximation Congress keeps in view fairness to the makers of medium and low-grade goods, then the producers of finer goods will be severely injured through the tariff enhancement of the prices they pay for wool. On the other hand, if fairness to the latter class is sought, the present abuses can be only reduced and never abolished.

It is the difficulty of adjusting the compensatory duties that presents the strongest arguments against taxing imports of wool. In some respects wool is a particularly good object for a revenue tax. It is already imported in large quantities, and there is little doubt that unless the present duties are actually raised the imports must increase. That class known as carpet wool is not grown in this country at all, and our manufacturers annually buy abroad more than a hundred million pounds of it. Certainly in taxing this class the question of protection could not be raised, for although a small amount of it may be mixed with better qualities in cloths of rough finish, the quantity of American wool it displaces is negligible. Even at the present rates and as now administered the wool duties yield a revenue of about \$20,000,000 a year, and there is no doubt that this sum could be increased. But whether or not the general principle of free raw materials be admitted as sound, it must at least be admitted that there is good reason why

this particular raw material should not be taxed. In all other countries with any industrial development except Russia the importation of wool is free. Our tax on it therefore puts our manufacturers at an insuperable disadvantage in neutral markets, and it would have the same effect in the domestic market but for the compensatory duties. The importance of properly adjusting these duties becomes evident when it is remembered that while the annual value of our wool crop is less than \$60,000,000, the annual output of our wool-using industries is more than \$700,000,000. As they now stand our compensatory duties are a glaring abuse in our tariff system, and are responsible for much of the popular outcry against it. It seems, however, to be impossible to adjust them fairly, and to repeal them involves the total repeal of the duties on wool.

It follows from what has been said that whether they are studied with regard to their effect on the production or the manufacture of wool, the wool duties are without economic justification. But there are other considerations that should and do weigh with the legislator besides the merely economic. These are considerations of a political and of what may be called a humane character.

Whether it would be politically expedient to abolish the wool duties it is for the dominant party in Congress to determine. The wool-growers hold the balance of power in many States. They are effectively organized and are led by men of keen intelligence who have had long experience in politics, and they possess the courage and strength that come from a sincere belief in the righteousness of their cause. It has often been said that no party ever won a national election that antagonized the wool-growers. This may well be true in view of the fact that only once has any party legislated against them, and that party was in truth defeated. Even if their political influence now be relatively less than it once was, the lawmakers are likely to consider whether repeal of the duties will make enough friends to counterbalance the hostility it will arouse. Thus baldly stated such a consideration does not seem statesman-like in the highest sense. But it need not involve a degradation of ideals in those that heed it, for in every field of activity it is often necessary to temporize with some abuses in order to reserve strength for overthrowing others. No political party with great aims to fulfil can be expected to court

defeat by attacking an abuse nearly as old as the nation itself, unless it can be shown that practical good will result from its overthrow. It may be that only a dead party, like a dead Indian, is a good one. But they are both alike unable to admit this, and therefore deprecate a too early apotheosis.

It is therefore of practical importance, and it is also right, to ask who will benefit by the repeal of the wool duties. The ready answer is, the consumers. And the answer is true, but not in the degree that is popularly supposed. In most fabrics the cost of the material they contain is a small part of the price the consumer pays for it. Thus the cloth in a typical men's suit that retails for twenty-five dollars requires about nine and a half pounds of raw wool of moderate shrinkage, and if it is of good quality the grower receives approximately two dollars and a quarter for it. The most ardent advocate of tariff reduction could not expect the removal of the duty to reduce this sum by more than the whole amount of the duty, that is, a dollar and five cents. Assuming that this occurred, and that the reduction were passed along through the successive stages of trade to the ultimate consumer, then this personage could purchase a twenty-five-dollar suit for twenty-four dollars. But the assumption is violent in both its parts. The cloth-maker who buys his wool at a lower price is not likely to give the whole benefit to the maker of clothing, nor he in turn to the retail merchant. And this last intermediary, knowing that his customers are verily creatures of custom, and that the ordinary purchaser of a twenty-five-dollar suit is little influenced by a reduction of four per cent., is perhaps least likely of all to change the price of his wares. Furthermore, the cloth-maker would by no means save the whole nominal amount of the present duties, if their removal enabled him to purchase abroad. It is quite true that wool can be produced in Australia, South America, and other countries much more cheaply than in the United States. In Australia, indeed, the average cost of production is less than the average cost in this country by nearly the full amount of the duties. But low costs are not followed by low prices unless the facilities for production are such that the supply can be increased so as to satisfy the increased demand at the low prices. As a matter of fact the facilities for producing wool are limited in all the chief countries that now contribute to the world's

supply—so limited, indeed, that the price of wool abroad, in spite of our tariff, sometimes approaches very closely to the price in this country. There can be, and there will be some expansion in the wool production of the foreign countries that have been named, but the growth of population and the consequent greater demand will probably absorb any normal increase of output before the average price of wool from year to year feels the effect of larger production. Under these circumstances, much additional purchase of foreign wool by Americans would inevitably raise the foreign price; and while the exact amount of the rise is a matter of pure speculation, it is safe to say that it would be considerable. It is equally safe to say, none the less, that free wool would enable the manufacturer to effect some saving in the purchase of his supplies.

Whatever this saving might be, it is probable that in spite of the friction and complications of trade, competition is sufficient in most parts of this country to insure to the consumers the greater part of it. Also it is certain that the sum of these savings for the country as a whole would reach imposing dimensions and would loom large in the political addresses of those that have "saved the country" by creating it. But it would be so widely distributed that the share of the individual consumer would hardly be enough to rouse much enthusiasm. It is true that money talks, but the voice of the nickel is neither loud nor convincing. It might well happen, therefore, that the real benefit to the consumers would be forgotten in the disappointment that it was so much less than expected.

Under these circumstances the repeal of the wool duties requires courage and a steadfast faith in the principle of "tariff for revenue only."

There remains to be mentioned a consideration which is neither economic nor political, but which involves the element of humanity—that is, the effect of the removal of the duties on the wool-growers. If it would bring suffering and ruin to this important group of citizens, their situation should at least give us pause. Their past history and their present character are as meritorious as those of any other class of Americans. If tariff reduction is to be effected "without interfering with business," their business deserves as much consideration as any other. Of course, however, there cannot be an effective reduction of the tariff

without interfering with business. The Democratic promise to the contrary must be understood to mean that the interference will not be such as to prevent business from adjusting itself to the altered rates without grave damage. The question is then, Can the sheep-owners make the necessary adjustment? From what has been said above this would not appear to be impossible. If the flock-owners are already being driven into mutton-raising; if on wool, their minor product, they now get a net protection of only half the nominal duties; and if the fall in price of this product caused by removal of the duties would not be great, then it is difficult to see how free wool could grievously injure them. On the other hand, there are many among them who are so situated that they cannot make the transition from wool to meat. These men are even now making small profits or none at all, and the loss of tariff protection would inevitably bring them ruin. Their condition, however, will never be materially better than it now is, so that unless the duties become perpetual, they must sometime fall a sacrifice to reform. Besides these unfortunates, there is a larger group who without waiting to test the effect of the change would despair of the situation and commit their flocks to the butcher at any price they could get. Their own financial loss and a serious diminution of the industry would be the result. The industry in time would recover, but for them the submersion would be too deep for revival. To the free-trader, perhaps, their panic calls for no sympathy. He would merely regret that in their case the casting out of a devil induced the identical act of certain other denizens of the field who when possessed of a devil ran violently into the sea and were drowned. But it should be remembered that their panic would not be wholly without cause, for removal of the duties would undoubtedly lower the price of wool. It should be also remembered that for generations they have struggled, voted, written, and otherwise worked to preserve these duties, until they are persuaded beyond the power of argument that their existence depends upon them. It may be that "the pain of death is most in apprehension"; it may also be that the pain of free wool is most in apprehension. Yet even so, the pain is real, and under apprehension men sometimes commit acts that bring on the very thing they would avoid.

There is no doubt, then, that the removal of the duties

would greatly injure a considerable number of men in the sheep business. The industry as a whole, however, would not materially suffer; it would even make a substantial gain in being freed from the necessity of "playing politics" and relieved of the uncertainty and anxiety that will hamper it as long as the duties are there to be defended. There would be a temporary setback owing to panic, but forces that are already at work would soon build up the industry along new lines and on a more stable foundation.

The wool duties have always been the bloody angle in the tariff battles of the nation. A man's attitude toward them has at times been the test of his party alignment. They have been shibboleth to the protectionist and anathema to the tariff reformer. The statesman, the economist, the muck-raker, the merchant, the journalist, even the clergyman who prescribes our morals and the doctor who prescribes our underclothing—all have taken part in the hot and clamorous dispute. A calm study of the interests involved leads to the conclusion that on both sides there has been great exaggeration of the effect of the duties. It is possible that a compromise of the long controversy is now approaching in the guise of a revenue duty. It is greatly to be wished, however, that a more definite settlement could be reached; and the terms of the settlement are not in doubt, for in weighing the arguments pro and con the balance leans heavily to free wool.

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